



*United States Attorney
Southern District of New York*

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CITIZENS COMMUNICATIONS EXECUTIVE PLEADS GUILTY
TO \$5 MILLION EMBEZZLEMENT SCHEME

JAMES B. COMEY, the United States Attorney for the Southern District of New York, announced that LIVINGSTON E. ROSS, a former vice-president at Citizens Communications ("Citizens"), a telecommunications company, and Controller from 1991 through 1999, pled guilty today in Manhattan federal court to conspiracy to commit mail fraud in connection with his participation in a scheme to embezzle approximately \$5,149,028 from Citizens.

According to a criminal Information, in March 2002, Kenneth Cohen, another vice-president at Citizens and President of Citizens' Public Services Division, devised a scheme to defraud Citizens through the submission to Citizens of requests for payments of false settlement contracts, and enlisted ROSS to assist him in the scheme. At the time, both Cohen and ROSS were responsible for negotiating settlements of Citizens' liability

obligations to certain real estate developers which had arisen in connection with the construction of various developments. These developers had paid Citizens to install sewer pipes in developments under construction, with the proviso that Citizens would repay the developers over time based on timetables established by state law in various states. Following its sale of its water and waste water operations to another company in or about January 2002, Citizens launched a project to settle its outstanding liability obligations to these developers.

According to the Information, Cohen and ROSS agreed to create fictitious developer liabilities and to cause Citizens to make settlement payments to those fictitious developers. To carry out the scheme, ROSS enlisted a friend, Elvarado Baptiste, to incorporate four fictitious developers, open bank accounts in the names of those fictitious developers, and submit "releases" from those fictitious developers purporting to accept lump sum payments as settlements of liability obligations from Citizens. Cohen and ROSS then processed these "releases" for payment by Citizens. Once Citizens paid "settlements" to the fictitious developers, Cohen, ROSS, and Baptiste shared the proceeds. Between March 2002 and October 2002, Cohen, ROSS, and Baptiste obtained from Citizens approximately \$5,149,028.81 through this false settlement contracts scheme.

ROSS, 55, resides in Baldwin, Long Island.

As a result of his plea to conspiracy to commit mail fraud, ROSS faces a maximum sentence of five years in prison and

the greater of a \$250,000 fine or twice the gross gain or loss resulting from the crime.

ROSS is scheduled to be sentenced on October 16, 2003.

On June 13, 2003, a Notice of Intent to File Informations were filed with respect to Cohen and Baptiste. Cohen is scheduled to waive indictment and be arraigned on that Information on August 8, 2003, and Baptiste on July 14, 2003.

Mr. COMEY praised the outstanding investigative efforts of the United States Postal Inspection Service.

Assistant United States Attorney I. BENNETT CAPERS is in charge of the prosecution.

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